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Chairman: Mr. Bródi ..... (Hungary)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

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The meeting was called to order at 10.10 a.m.

Agenda item 120: Improving the financial situation of the United Nations (*continued*) (A/63/514/Add.1)

1. **The Chairman**, recalling that the Under-Secretary-General for Management had updated the Committee on the current financial situation of the Organization at its 44th meeting, held on 15 May 2009, said that her statement had been issued as a report of the Secretary-General under the symbol A/63/514/Add.1.

2. **Mr. Yamazaki** (Controller) said that since 7 May 2009, various payments had been received that had not been taken into account in the Under-Secretary-General's statement. They included regular budget payments of $12 million from Brazil and $136 million from the United States of America and peacekeeping payments of $192 million from Japan. In addition, payments had been initiated by Sweden for the capital master plan and by South Africa for peacekeeping operations. Taking all recent payments into account, the following Member States should be added to the list of those that had paid their contributions in full: Guatemala, Indonesia, Kuwait, Nigeria and Thailand for the regular budget; Australia and South Africa for peacekeeping operations; Indonesia, Norway and Sweden for the capital master plan; and Belarus, Guatemala, Lao People's Democratic Republic, Montenegro, Nigeria and Portugal for the international tribunals. Accordingly, Australia, South Africa and Sweden had joined the 16 Member States (A/63/514/Add.1, para. 29) that had paid in full all their due and payable assessments.

3. **Mr. Abdelmannan** (Sudan), speaking on behalf of the Group of 77 and China, said that payment of assessed contributions in full and on time was an obligation under the Charter of the United Nations. The Group rejected unilateral coercive measures that created obstacles to the payment by its members of their contributions to the Organization's budget. He noted that the Organization could be at risk of a cash shortage in its regular budget in the near future, mainly on account of the large outstanding contribution due from one Member State; that was a systemic problem which needed to be resolved once and for all. With regard to contributions for peacekeeping operations, the Group was concerned that two thirds of the $2.9 billion outstanding at the end of 2008 was owed by two Member States, Japan and the United States, and urged all States that had not yet done so to settle their peacekeeping arrears. The Group also noted with concern that some $1 billion was owed to troop-contributing countries, mainly because of a lack of cash surplus in many missions and the slow rate of reimbursement by the Secretariat. Any cash surpluses in active missions should either be used for outstanding liabilities or be returned to individual Member States; they should not serve for the purposes of cross-borrowing among peacekeeping operations. The members of the Group of 77 and China remained committed to efforts to enhance the effectiveness and efficiency of the United Nations and to meeting their financial obligations to the Organization in full, on time and without conditions.

4. **Ms. Krahulcová** (Czech Republic), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania and Serbia; and, in addition, Armenia and Ukraine, stressed that it was the responsibility of each individual Member State to pay its assessed contributions in full, on time and without conditions and that the world financial crisis had made it more important than ever for the Organization to use its resources efficiently.

5. Although 146 Member States had paid their regular budget assessments in full by the end of 2008, the European Union noted with concern that outstanding assessed contributions from previous years had amounted to $417 million as at 7 May 2009 and that unpaid peacekeeping assessments at the end of 2008 had totalled $2,884 million, which represented an increase over the previous year's amount. The European Union considered that funds remaining in the accounts of closed peacekeeping operations should be returned to Member States and not retained by the Organization; the financing of active missions from such funds to make up for unpaid assessed contributions to those missions was not sustainable.

6. The European Union noted that the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia might face difficulties in the final phase of their work, owing to unpaid contributions of $158 million, and that only 84 Member States had paid their assessments for the capital master plan in full, as compared to 90 the previous year. All Member States should make their payments so as ensure timely implementation of the plan. The European Union, for its part, contributed nearly 40 per cent of the United Nations budget and

would continue to promote cost-effective and transparent management of resources.

7. **Mr. Ballantyne** (New Zealand), speaking also on behalf of Australia and Canada, said that it was unacceptable that a number of Member States regularly failed to meet their financial obligations towards the Organization and a matter of concern to see once again a negative trend emerging in that respect in 2009. While acknowledging the difficulties besetting some Governments, she called on Member States to break the cycle of under- and non-payment, which not only jeopardized the fulfilment of the Organization's mandates, but also penalized paid-up Member States, as well as troop-contributing countries, which were left waiting for the reimbursement of their costs. At a time when the United Nations was called on to do more, and when the regular budget and peacekeeping costs had reached record levels, ways had to be found of ensuring that the Organization's programme of work was organized and implemented as effectively and efficiently as possible.

8. **Mr. Ruiz Massieu** (Mexico), speaking on behalf of the Rio Group, said that the good financial health of the Organization was essential for the fulfilment of its mandates and that Member States must therefore pay their assessed contributions on time. The Rio Group was concerned about the recent negative trend in the payment situation, notwithstanding the relative overall improvement between 2007 and 2008. Likewise, the slightly higher rate of reimbursement of the amount owed for troops and contingent-owned equipment for 2008 remained unsatisfactory, since there were still outstanding debts to several countries in the Group, largely because not all Member States had kept fully current with peacekeeping assessments. The upward shift in projected new obligations for 2009 was a cause of particular concern. The Rio Group therefore urged those Member States that had not yet paid their assessed contributions in full to do so and thereby enable the Organization to reimburse troop- and equipment-contributing countries and discharge its essential function of peacekeeping.

9. While those countries that had met their financial obligations in full were to be commended, it was also important to acknowledge the efforts being made by developing countries to pay their contributions despite difficult circumstances. The current financial crisis made it hard for the countries of the Rio Group, in particular, to pay their assessments in full and on time. However, it must be stressed that the bulk of the debt continued to be owed by a few developed countries, to the huge detriment of the Organization's financial health. Every facility should be provided to enable Member States to pay their contributions in full and on time. The Group rejected any unilateral measure not in compliance with international law that hindered or prevented members of the Group from paying their contributions to the Organization's budget. He expressed the Rio Group's continuing support for the timely implementation of the capital master plan and reminded the Secretariat of the importance of ensuring that the information provided to the media concerning the status of Member States' payments was as up to date as possible.

10. **Mr. Loy** Hui Chien (Singapore) said that the amounts owed by Member States for both the regular budget and peacekeeping operations were unacceptably large. His delegation also noted the growing number of countries not fully meeting their financial obligations to the Organization. Some Member States had genuine difficulties in paying their assessed contributions, but they did not finance a large proportion of the budget. The reason for the financial difficulties of the United Nations was late payment and non-payment by major contributors. However, the Organization also needed to manage its resources well, in particular by improving efficiency, recruiting and retaining qualified and dedicated staff and developing a stronger results-oriented culture. It must instil transparency and accountability as a matter of priority. In conclusion, his delegation urged Member States to pay their assessed contributions in full, on time and without conditions. Those Members that withheld payment undermined the commitment they had assumed in joining the United Nations and hobbled the Organization's effectiveness.

11. **Ms. Núñez Mordoche** (Cuba) said that despite a slight improvement in 2008, the financial situation of the United Nations remained largely unchanged. The Member State which benefited most from the distorted scale of assessments continued to be the Organization's largest debtor. Cuba, on the other hand, had paid all of its capital master plan assessments and half of its regular budget assessments, and had also made significant contributions to peacekeeping operations. It had done so despite the economic embargo imposed by the United States, which prevented Cuba from using United States dollars for international transactions and forced it to pay its contributions through a third country.

12. Cuba was concerned by the sharp increase in the proposed peacekeeping budgets for 2009/10, which were estimated at $8.2 billion in total. Although peacekeeping operations were essential, the funds allocated for economic and social development were not in line with those allocated for peacekeeping, threatening the achievement of various development goals. A de facto militarization of the Organization's work was evident, and the regular budget reflected that imbalance among the Organization's areas of activity.

13. She reaffirmed her country's readiness to meet its financial obligations in full, on time and without conditions and called on other Member States to do likewise.

14. **Mr. Mukai** (Japan) said that his Government had always fulfilled its financial obligations to the Organization and would make every effort to do so in the future. His delegation was pleased that 146 Member States had paid their regular budget assessments by the end of 2008 and that cash resources available at 30 April 2009 were $791 million, compared to $19 million at the end of 2008.

15. His delegation was concerned by the continued expansion of the regular budget, which had made it difficult for Member States to pay their assessments. In preparing the proposed programme budget for the biennium 2010-2011, the Secretary-General should give Member States a comprehensive and prioritized picture of the Organization's anticipated needs and make every effort to absorb additional costs through efficiency gains. He should submit an affordable budget based on the budget outline to which Member States had agreed in December 2008.

16. The total budget for peacekeeping operations, which currently stood at $8.2 billion, was a tremendous burden for Member States. As the Committee explored ways to make peacekeeping operations more cost-efficient, the Secretary-General should make every effort to develop more realistic budget proposals. The remaining balances of closed peacekeeping operations should be returned to Member States in accordance with the Financial Regulations and Rules of the United Nations. In that connection, his delegation wished to explore why cross-borrowing from the accounts of closed operations had been required in 2008 to fund seven active operations.

17. A number of Member States, including Japan, that had opted for multi-year assessments to fund the capital master plan had nonetheless made advance payments because they believed that a strong cash balance, which stood at slightly over $1 billion as at 7 May 2009, combined with the efforts of the Secretary-General to absorb associated costs, would result in smoother implementation of the project.

18. While it was imperative for Member States to pay their assessed contributions, it was also necessary, in view of the current financial and economic crisis, for the Secretariat to prepare austerity budget proposals and to control expenditure. The Secretary-General should fully implement the recommendations of the United Nations Board of Auditors so that he could develop budgets based on the resources actually available to the Organization.

19. **Mr. Shcherbak** (Russian Federation) said that although the financial situation of the Organization had improved somewhat in 2008, the total amount of unpaid assessed contributions for peacekeeping operations had been greater than in 2007. The failure of Member States to meet their financial obligations came at a time of increased spending on peacekeeping operations and could have a negative impact on the Organization's work. To prevent that from happening, Member States should meet their financial obligations on time and in full, particularly in respect of peacekeeping operations. The Secretariat, for its part, should continue its efforts to streamline financial planning and control staffing requirements.

20. **Ms. Yu** Hong (China) said that only a sound financial position would enable the United Nations to strengthen its role in international affairs. Her delegation was therefore pleased that, despite the current financial crisis, most Member States had paid their contributions in full and on time in 2008, with a small group of Member States accounting for the bulk of the arrears.

21. The rapid increase in the Organization's expenditures in recent years placed a considerable burden on Member States and on developing countries in particular. Therefore, the regular budget should reflect Member States' capacity to pay and the Secretariat should strengthen budgetary management, enforce financial discipline and make effective use of every penny of Member States' contributions.

22. Despite having suffered several natural disasters in 2008, including the devastating earthquake in Sichuan Province, China had paid in full its assessed contributions for the regular budget and for peacekeeping operations, as

well as its assessments for the international tribunals and the capital master plan. For 2009, it had already paid in full its assessed contributions for the capital master plan and the international tribunals and more than half of its assessed contribution to the regular budget.

23. **Mr. Brant** (Brazil) said that although the report of the Secretary-General contained updated projections based on information as of 7 May 2009, senior United Nations management officials should have provided the media with the most up-to-date information available at their press conference of 21 May 2009, including information on payments that had been made by several countries after 7 May 2009, including his own.

24. **Ms. Norman** (United States of America), speaking in exercise of the right of reply, said that her Government took its international responsibilities seriously. Earlier in 2009, it had announced measures aimed at increasing contact between United States nationals and their relatives in Cuba. It had also authorized United States businesses to negotiate agreements designed to facilitate various endeavours in order to increase contacts between the Cuban people and the outside world and to promote freedom of expression and conscience.

25. As noted earlier by the Controller, her country had recently made a payment of $136 million, thus completing the payment of its assessed contribution to the regular budget for 2008. With that payment, her country's combined contributions to the United Nations regular budget and to peacekeeping operations totalled $1.24 billion. It was also up to date with recent peacekeeping assessments and would soon pay all arrears related to peacekeeping operations incurred after 2000 and the outstanding assessments for 2006 and 2007.

26. **Mr. Cumberbatch** (Cuba), speaking in exercise of the right of reply, said that the measures to which the representative of the United States had referred had no meaningful impact on the embargo imposed by the United States against Cuba. Granting Cuban-Americans the right to visit their relatives in Cuba merely rectified a serious mistake that had been committed by the previous Administration of the United States. The unilateral and illegal embargo, which had begun in 1962, remained in place and not a single measure had been taken to end it.

27. **Mr. Jølle** (Norway) said that his country had also recently made a payment of $19 million for the regular budget.

The meeting rose at 11.15 a.m.